

AMENDED IN SENATE APRIL 19, 2016

AMENDED IN SENATE APRIL 4, 2016

SENATE BILL

No. 1091

Introduced by Senator Liu

February 17, 2016

An act to add Sections 10231.3, 10233.8, and 10235.9a to the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

SB 1091, as amended, Liu. Long-term care insurance.

Under existing law, the Department of Insurance, headed by the Insurance Commissioner, licenses and regulates insurers. Existing law divides insurance into various classes, including long-term care insurance, which includes an insurance policy, certificate, or rider advertised, marketed, offered, solicited, or designed to provide coverage for diagnostic, ~~preventative~~, *preventive*, therapeutic, rehabilitative, maintenance, or personal care services that are provided in a setting other than an acute care unit of a hospital. Existing law defines “policy” for these purposes.

This bill would, among other things, define “alternate plan of care” as a *plan of care authorized by a provision in a policy*, rider, endorsement, or amendment ~~containing a provision~~ that allows benefits for long-term care services that are not specifically defined as a covered service under the policy. The bill would prohibit an insurer from designating, advertising, marketing, offering, or soliciting a policy as “family-friendly,” “catastrophic,” ~~“deferred,”~~ “short-term,” or “standardized,” unless the respective policy contains specified provisions.

Existing law requires an insurer to report annually by June 30 to the department the total number of claims denied by each class of business in the state, as specified, and to provide a policyholder or certificate holder whose claim is denied written notice of the reasons for denial, as specified. Existing law requires the department to provide that information to the public upon request.

This bill would require an insurer to report information to the department regarding denial of requests for treatment under an alternate plan of care, and to provide a policyholder or certificate holder written notice of denial of a request for treatment under an alternate plan of care. The bill would require the department to provide that information to the public upon request.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares both of the
- 2 following:
- 3 (a) Long-term care insurance is a vital lifeline for many of
- 4 California's aging population.
- 5 (b) Ensuring that the insurance available to consumers is fair
- 6 and accessible is essential to our aging community's quality of
- 7 life.
- 8 SEC. 2. It is the intent of the Legislature to ensure that
- 9 insurance products provide appropriate benefits that fit consumers'
- 10 needs.
- 11 SEC. 3. Section 10231.3 is added to the Insurance Code, to
- 12 read:
- 13 10231.3. An "alternate plan of care" means *a plan of care*
- 14 *authorized by a provision in a policy, rider, endorsement, or*
- 15 ~~amendment—containing a provision~~ that allows benefits for
- 16 long-term care services that are not specifically defined as a
- 17 covered service under the policy.
- 18 SEC. 4. Section 10233.8 is added to the Insurance Code, to
- 19 read:
- 20 10233.8. (a) An insurer shall not designate, advertise, market,
- 21 offer, or solicit a policy as "family-friendly" unless the policy
- 22 provides both of the following:

1 (1) A coordination benefit as described in paragraph (1) of
2 subdivision (b) of Section 22005.1 of the Welfare and Institutions
3 Code.

4 (2) One or both of the following benefits:

5 (A) Permits family members to provide the care covered under
6 the policy and provides caregiver training.

7 (B) Provides one or both of the following benefits:

8 (i) Credit for unused benefits granted to another insured in the
9 same family.

10 (ii) An annuity or death benefit assignable to the caregiver or
11 that covers legal services related to the care of a person, including
12 the preparation of a power of attorney, a health care power of
13 attorney or advance directive, or legal representation in a
14 conservatorship proceeding involving the person.

15 (b) An insurer shall not designate, advertise, market, offer, or
16 solicit a policy as a “catastrophic policy” unless the insured retains
17 substantial risk before the insured becomes eligible to receive
18 benefits.

19 ~~(c) An insurer shall not designate, advertise, market, offer, or~~
20 ~~solicit a policy as a “deferred policy” unless the policy provides~~
21 ~~coverage only after the insured reaches an age specified in the~~
22 ~~policy.~~

23 ~~(d)~~

24 (c) An insurer shall not designate, advertise, market, offer, or
25 solicit a policy as a “short-term policy” unless the policy provides
26 benefits designed to last for a time period of less than one year.

27 ~~(e)~~

28 (d) An insurer shall not designate, advertise, market, offer, or
29 solicit a policy as a “standardized policy” unless the policy meets
30 standardized benefit levels and other criteria as determined by the
31 commissioner.

32 SEC. 5. Section 10235.9a is added to the Insurance Code,
33 immediately following Section 10235.9, to read:

34 10235.9a. (a) An insurer shall provide a policyholder or
35 certificate holder, whose request for treatment under an alternate
36 plan of care has been denied, a written notice within 40 days of
37 the date of the denial, including the reasons for the denial and all
38 information directly related to the denial.

39 (b) An insurer shall report to the department by June 30 of each
40 year, together with the information required pursuant to Section

1 10235.9, the number of requests from insureds for treatment to be
2 provided under an alternate plan of care, any reason used by the
3 insurer to deny those requests, and the number of requests denied
4 for each of those reasons.

5 (c) The department shall make available to the public, upon
6 request, the information obtained pursuant to subdivision (b).

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